

# ADDRESS

BY

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At a Complimentary Dinner Given  
by The Commercial Club of  
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## Mr. Toastmaster and Gentlemen of the Commercial Club:

I wish to express to you the pleasure extended to the Union Pacific Officials for the opportunity of meeting with you socially, which is very much appreciated, and I know is greatly enjoyed.

Problems confronting Commercial Life have variegated conditions, probably more so than in former times.

· The stimulation, development, and protection of one industry at the expense of another does not help to solidify or to protect investments, or to encourage and stimulate enterprise.

This Country is largely dependent upon four things for its Commercial existence—its agricultural industry, its live stock industry, its manufacturing industry, and its transportation, all of which represent fabulous amounts in investments, and enormous employments of Labor, and help to remove the inequalities of territories, climatically, commercially, and otherwise. So that California is only a very few hours removed from Kansas, and Kansas a few hours from New York, and Louisiana only a few hours from Illinois.

The vast development of Transportation Lines, and in territories which in our "School Boy Days" were heralded as the "Great American Desert" has caused these Western States to become fruitful sources of wealth and homes.

The Home-owning citizen is the unit of stability in the Nation. The development of wealth or income carries with it a responsibility entirely different from that without.

We engage in various contests and reforms—Political, Social, Financial and Commercial—seeking constantly “Aladdin’s Lamp” individually, and overlooking the broad and expansive features of General Prosperity and Citizenship. And which is the basic thought of our rapid development, where we have emerged in the past 100 years from an obscure, helpless, and almost unnoticed Nation to one now occupying the highest position on the Globe. This comes, of course, from a people distinctly different from almost every other Country, and where also mind development is not arrested, circumscribed, or defined by curtailing Freedom.

Under this condition, with the proper respect for the active, thoughtful, loyal man or woman, this Country can more rapidly progress in the development of Freedom than any other Nation. It is not surrounded by the same restrictive Military and other Old World conditions.

There is nothing to be accomplished by discrediting large and permanent lawful investments, and for purposes which it is not necessary on this occasion to mention, requiring and demanding of Transportation Lines, if you please, the acme of service. And yet, on the other hand, creating the impression that their Securities are of little value, and arresting their development by a course un-American and in conflict with the Constitution of the United States, and discouraging a more rapid development of still unoccupied and unknown fields.

No Railroad Executive that I know has ever taken the position that he did not wish to spend money in developing the Property, improving the facilities, and affording a better service to the Public. With this as his Platform he should have enthusiastic support from the Public.

Almost every Citizen in this Country is dependent upon Transportation Lines from one standpoint or another. And the Transportation Lines are likewise dependent upon them.

It is almost impossible to conceive that a disastrous condition to the population of this Country produces Revenue for a Transportation Line. And it is equally impossible to contemplate any condition which paralyzes Transportation interests that promotes prosperity with the people.

The construction of many of these Lines far in advance of their necessity—some a commercial and military precaution to cement the Union of States during the Civil War, some of unprofitable character—and especially in the Western States, was the forerunner of invitation to people to come and occupy untaken land which at the time was considered of little value and which would not have been taken for agricultural purposes had Transportation facilities not furnished the opportunity of transporting their products to Market and supplies and fuel necessary for their existence.

The atmosphere as at present operating, is arresting the development of Transportation Lines, whose facilities today are inadequate to their demands under normal conditions, and which are not keeping in touch with the growth of the Country, for the reason that their investments have been largely discredited. And yet, if you will trace only one of the articles that naturally go into the construction of a Line, and there are many that are intimately involved, you will see its effect with the growth of purchasing and developing, and it permeates into a large number of the industrial enterprises.

For example, if a Railroad refuses to buy a ton of rail, the ore is not mined, which brings no income to the owner and the miner; the ships do not haul it, which brings no income to the owner and employe; the mill does not manufacture it; and the result is that there is no coal mined and shipped, and there is no employment of Labor to convert the ore into steel. Then if there is no rail made, there is no Railroad Transportation Line to load

and haul it and employ men for purpose of delivering. And there are no men employed to place the rail in the track, and there is no money exchanged, no values increased or created. And this lesson can go through the products of the Soil and of the Forest, and through mineral, coal, oil, and many other industries, and the various manufactures which are almost unlimited, all indirectly affecting the employment of millions of men entirely outside of that created by the direct employes on the Pay Rolls of Transportation Lines.

Therefore, it should be plainly evident if Prosperity is to exist, it must start at the foundation of the preceding illustrations, and bring about an increase where it travels to the final point of consumption and use.

I have taken occasion recently to ascertain to what extent the present financial condition would affect our future development; we have been dependent upon Europe for our supply of money, and not upon this country. The people in this country feel that they must invest their money to a better advantage in other enterprises at a higher rate of interest, as it is not natural for them to invest it in Transportation Lines at the same rate of interest, and very much less. And how can you, under such circumstances, force money to be turned over to Transportation Lines to create the development necessary.

I have also taken occasion only recently to inquire—and this does not include any of the Union Pacific System Lines—and have ascertained that with the present financial conditions which became effective seriously seven months ago, that it has resulted in the suspension of \$115,000,000 of work on new lines in construction on only six railway lines.

You can see how seriously this affects the country and the people and also how it discourages the expenditures of money by

the railroads whose ambitions are to build, to create, to enlarge, satisfy and gratify.

There has been apparently, recently, a change coming over the responsible thinking people of the West, in labor, agricultural and commercial life, feeling that the limit of persecution with transportation lines has been reached, and that if they expect to prevent a serious breakdown in the value of securities, some relief must be given them.

It seems absolutely inconsistent that a railroad's position is to remain stationary, or is to be lowered by restrictive enactments, or otherwise, while there can be a constant increase of values in all the manufactures which it is required to buy and use; a constant increase of the labor which it must employ; a constant increase of the Taxes which are assessed against its property. And yet, on the other hand, all the various industries which are its patrons, which manufacture and sell, are permitted to readily take advantage of increased cost by adding same to the value of the property. In that way preventing losses, and maintaining their standing financially. This seems to railroads a poor rule that does not work both ways.

There are, of course, a variety of things upon this problem, and as naturally is the case when men get beset with theories they become determined, unreasonable, if not selfish, in insisting upon their demands.

We have some of these experiences from time to time. Yet, if you carefully study some of these men who are advocating these various theories you will find that they have produced nothing in the way of increased values, but have been successful in promoting discontent, and in some instances their standing would sell no bonds.

Kansas, of course, has had its erratic crop conditions as we all know, the past few years, like other territories—drouth and floods, and history will repeat itself.

There must be with railroads, as there is with banks, farmers, and others, sufficient money in the treasury to protect the depositors and property, and it is our hope that as the public becomes more enlightened with our business, there will be no longer any doubt in their minds as to exactly what is occurring. And pains have been taken to give the public information, and sworn statements of our revenue and operating costs and results are now available to all, both in Washington, and in the various State Commissions.

Kansas is a great state. We have a large property investment in this State, as well as other railroads, all of which I know are trying to do the best they can for its development, and for their own, and the Santa Fe is entitled to much credit for its investments in your city.

The Santa Fe is one of the best Officered and managed Companies in the West, with a delightful set of Officers, and is strong.

What the strong Companies want to see as a whole is that all Companies should be lawfully protected, the Prosperity not confined to one, any more than to one Bank in a City or one business house. And this is the problem that must finally be worked out as the Laws largely deal with Railroad Properties as a whole.

An inventor is a much better asset for this country than a preventer.

The commercial geography will require some readjustment for the Intermountain, Mississippi Valley and Missouri Valley

States to sustain and retain geographically the markets which have been legitimately established the past fifty years and which traffic they have largely controlled in the distribution of business in the Western country.

76,000 miles of block system have been installed on American railroads for safety purposes, lowering their solvency, without increasing the earning power.

Practically all of the carrying lines of the West were constructed in advance of actual needs and in advance of paying basis—pioneer construction. The railroad mileage of the United States in 1860 being 30,000 miles in round numbers and in 1900 it was 194,000. And today over a quarter of a million.

Investors were willing to wait for their reward and now should not be cut off under the legislative spirit of a new generation which has grown up, unmindful of the hardships of pioneering.

The railroads in time will be able to bring extensive manufacturing into Western cities. To accomplish this, encouraging economic conditions must not be too far disturbed.

We know that the general public do not want bankrupt institutions. We know that they do not intend to bring disaster upon interests so important for their prosperity. And we further know that when all the facts are made plain to them that this condition will change.

That it will change I have no question because it must change if the railroad companies are to continue to exist, so that money can be obtained for their upkeep and necessary improvements.

Otherwise, with the enormous property destruction in European countries, the amount of rebuilding that will be required

will be attractive to American investors at high rates of interest, and must ultimately raise the interest rates in this country. We have been constantly getting large surplus capital from Europe to make our improvements and extensions. Tell me, gentlemen, where the money is to come from in the future unless you permit the railroad's earnings to encourage the sale of bonds to our own people.

I again express my appreciation for your kindness, and for the attention you have given us in the more or less general statements which we have made.